

**Testimony of Dennis M. Davin, Secretary of Community and Economic Development for the Commonwealth of Pennsylvania, in Support of Certain Uncoated Paper Antidumping and Countervailing Duty Cases on Imports from Australia, Brazil, China, Indonesia and Portugal**

**U.S. International Trade Commission Public Hearing on ITC Investigations Nos. 701-TA-528-529 and 731-TA-1264-1268, January 7, 2016, 9:30am**

Good morning, Vice Chairman Pinkert and Members of the International Trade Commission. My name is Dennis Davin and I serve as Secretary of Community and Economic Development for the Commonwealth of Pennsylvania. I am pleased to be able to appear before you on behalf of Governor Tom Wolf today in support of an important certain uncoated paper trade enforcement case brought by the United Steelworkers (USW), Domtar Corporation, Finch Paper, Glatfelter Company and the Packaging Corporation of America (PCA). The data which you and the Department of Commerce collected in 2015 show that this coalition of workers and companies deserves relief from the dumped and subsidized exports from Australia, Brazil, China, Indonesia, and Portugal. When you gather in February for your final determination, I urge a vote in the affirmative on the question of whether these companies and workers have suffered material injury from the increasing imports from five nations. Governor Tom Wolf supports free and fair trade for this important segment of the Pennsylvania forest products industry.

The forest products industry overall employs 80,000 people in Pennsylvania, including 10 percent of our manufacturing workforce. Over 3,000 businesses across the state in every county generate \$5.5 billion in revenue, according to the Pennsylvania Forest Products Association. Clearly this is an important industry to our state and unfair trade in any sector like certain uncoated paper is problematic and must be corrected.

In addition, the United Steelworkers are headquartered in Pittsburgh, PA, and the governor appreciates their trade enforcement leadership in key manufacturing industries like steel, paper, and tires. Their tireless efforts to level the playing field and enforce the basic rules of international trade through antidumping and countervailing duty trade cases has helped save thousands of jobs in Pennsylvania.

And the USW represents hundreds of certain uncoated paper workers at the Glatfelter plant in Spring Grove in York County, Pennsylvania.

The Glatfelter plant's central role in the economy of Spring Grove is typical of the role that paper plants play in small towns across America. Spring Grove has about 2,000 people and has depended on this plant for its livelihood since its 1853 founding. Glatfelter has owned the plant since 1865, making a long term commitment to a community that is seldom seen today. The Spring Grove Borough website notes: "Since 1865, the growth of the Borough has reflected growth of the Glatfelter Paper Mill. Spring Grove today is a one industry town, where the mill dominates the Borough's economic and community life." Clearly unfair foreign trade that could undermine the economic health of this plant should be addressed, both for the 900 workers at the plant and the employees at the shops, restaurants, schools and across the community and York County whose jobs depend on the plant. As you know, the certain uncoated paper segment critical to the future of Spring Grove includes printer paper and uncoated copier paper in standard sizes as well as uncoated paper for commercial use in many sizes.

Luckily the analysis from your Prehearing Staff Report issued in December, combined with earlier Commerce Department data makes a compelling case for relief from dumped certain uncoated paper product from Australia, Brazil, China, Indonesia, and Portugal. And the data uncovered pertaining to the countervailing duty cases on imports from China and Indonesia is also very strong. Dumping of product into our country at below sales prices in these five nations and their overall production costs undermines our certain uncoated paper companies and workers. Many governments provide massive market distorting subsidies to key sectors and it seems that China and Indonesia are doing just that.

The detailed preliminary dumping margins determined by Commerce were significant in all of these cases. All were problematic to U.S. producers starting with 41 percent for Australia, 33-42 percent for Brazil, 0 to 52 percent for Indonesia, and 30 percent for Portugal. And the dumping margins for China were enormous at 97-193 percent. The countervailing duty margins for China and Indonesia showed significant government subsidies, large enough to do real harm. Those numbers from these two nations created a double whammy for U.S. industry, at 6 to 126 percent for China and 43 to 131 percent for Indonesia.

Erosion of U.S. company market share is the predictable result of these egregious foreign dumping and subsidies in the certain uncoated paper sector.

Unfortunately, foreign producers almost doubled their market share from 9.6 to 17.4 percent between 2012 and 2014. In fact, certain uncoated paper imports from these five nations skyrocketed 72 percent between 2012 and 2014. And, as foreigners increased U.S. market share, overall U.S. demand for uncoated paper actually fell 5.6 percent between 2012 and 2014. Unfair foreign trade practices should not be allowed to exacerbate a general trend toward lower demand for paper in the internet era.

Overall U.S. shipments, production, market share and employment in this vital sector have all declined between 2012-2014. Since 2011, four American certain uncoated paper mills have shuttered and capacity has been reduced at five other plants. During that time more than 2,500 jobs have been lost at plants in devastated smaller communities across the country. We have to address the trade woes that foreign producers of certain uncoated paper have created before other communities like Spring Grove, PA are further adversely impacted.

As you know, companies and workers together responded to the growing crisis in the certain uncoated paper sector with a January 21, 2015 filing of trade cases against imports from the five nations in question at the ITC and the Department of Commerce to restore balance. Governor Wolf is proud to support their efforts today. Again, on his behalf, I have tried to demonstrate the merits of their case and urge this Commission to rule in favor of relief and imposition of duties in February.